

The House Committee on Ways and Means offers the following substitute to HR 1:

## A RESOLUTION

Proposing an amendment to the Constitution so as to revise comprehensively ad valorem property taxes; to provide for a short title; to provide for a local referendum in each county on question of limiting valuation increases of real property; to provide for a short title; to provide for procedures, conditions, and limitations; to provide for ratification of prior and authorize enactment of new base year assessed value homestead exemptions; to provide for applicability; to provide for the submission of this amendment for ratification or rejection; and for other purposes.

BE IT RESOLVED BY THE GENERAL ASSEMBLY OF GEORGIA:

### SECTION 1.

Article VII, Section I of the Constitution is amended by revising Paragraph III and by adding a new Paragraph to read as follows:

"Paragraph III. ~~*Uniformity*~~ *Applicability of uniformity; exceptions; classification of property; assessment of agricultural land; conservation use; timber; utilities.* (a) All taxes shall be levied and collected under general laws and for public purposes only. Except as otherwise provided in subparagraphs (b), (c), (d), (e), and (f) of this Paragraph and Paragraph IV of this section, all taxation shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax.

(b)(1) Except as otherwise provided in this ~~subparagraph (b)~~ Paragraph, classes of subjects for taxation of property shall consist of real property, other tangible property, and one or more classes of intangible personal property including money; provided, however, that any taxation of intangible personal property may be repealed by general law without approval in a referendum effective for all taxable years beginning on or after January 1, 1996.

(2) Subject to the conditions and limitations specified by law, each of the following types of property may be classified as a separate class of property for ad valorem property tax purposes, and different rates, methods, and assessment dates may be provided for such properties:

(A) Trailers;

(B) Mobile homes other than those mobile homes which qualify the owner of the home for a homestead exemption from ad valorem taxation; and

(C) Heavy-duty equipment motor vehicles owned by nonresidents and operated in this state.

(3) Motor vehicles may be classified as a separate class of property for ad valorem property tax purposes, and such class may be divided into separate subclasses for ad valorem purposes. The General Assembly may provide by general law for the ad valorem taxation of motor vehicles, including, but not limited to, providing for different rates, methods, assessment dates, and taxpayer liability for such class and for each of its subclasses, and need not provide for uniformity of taxation with other classes of property or between or within its subclasses. The General Assembly may also determine what portion of any ad valorem tax on motor vehicles shall be retained by the state. As used in this subparagraph, the term 'motor vehicles' means all vehicles which are self-propelled.

(c) Tangible real property, but no more than 2,000 acres of any single property owner, which is devoted to bona fide agricultural purposes shall be assessed for ad valorem taxation purposes at 75 percent of the value which other tangible real property is assessed. No property shall be entitled to receive the preferential assessment provided for in this subparagraph if the property which would otherwise receive such assessment would result in any person who has a beneficial interest in such property, including any interest in the nature of stock ownership, receiving the benefit of such preferential assessment as to more than 2,000 acres. No property shall be entitled to receive the preferential assessment provided for in this subparagraph unless the conditions set out below are met:

(1) The property ~~must~~ shall be owned by:

(A)(i) One or more natural or naturalized citizens;

(ii) An estate of which the devisee or heirs are one or more natural or naturalized citizens; or

(iii) A trust of which the beneficiaries are one or more natural or naturalized citizens; or

(B) A family-owned farm corporation, the controlling interest of which is owned by individuals related to each other within the fourth degree of civil reckoning, or which is owned by an estate of which the devisee or heirs are one or more natural or naturalized citizens, or which is owned by a trust of which the beneficiaries are one or more natural or naturalized citizens, and such corporation derived 80 percent or more of its gross income from bona fide agricultural pursuits within this state within the year immediately preceding the year in which eligibility is sought;

(2) The General Assembly shall provide by law:

(A) For a definition of the term 'bona fide agricultural purposes,' but such term shall include timber production; and

(B) For additional minimum conditions of eligibility which such properties must meet in order to qualify for the preferential assessment provided for herein, including, but not limited to, the requirement that the owner be required to enter into a covenant with the appropriate taxing authorities to maintain the use of the properties in bona fide agricultural purposes for a period of not less than ten years and for appropriate penalties for the breach of any such covenant.

(3) In addition to the specific conditions set forth in this subparagraph (c), the General Assembly may place further restrictions upon, but may not relax, the conditions of eligibility for the preferential assessment provided for herein; and

(4) Property under this subparagraph (c) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

(d)(1) The General Assembly shall be authorized by general law to establish as a separate class of property for ad valorem tax purposes any tangible real property which is listed in the National Register of Historic Places or in a state historic register authorized by general law. For such purposes, the General Assembly ~~is~~ shall be authorized by general law to establish a program by which certain properties within such class may be assessed for taxes at different rates or valuations in order to encourage the preservation of such historic properties and to assist in the revitalization of historic areas. Property under this subparagraph (d) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

(2) The General Assembly shall be authorized by general law to establish as a separate class of property for ad valorem tax purposes any tangible real property on which there have been releases of hazardous waste, constituents, or substances into the environment. For such purposes, the General Assembly ~~is~~ shall be authorized by general law to establish a program by which certain properties within such class may be assessed for taxes at different rates or valuations in order to encourage the cleanup, reuse, and redevelopment of such properties and to assist in the revitalization thereof by encouraging remedial action. Property under this subparagraph (d) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

(e) The General Assembly shall provide by general law:

(1) For the definition and methods of assessment and taxation, such methods to include a formula based on current use, annual productivity, and real property sales data, of: 'bona fide conservation use property,' to include bona fide agricultural and timber land not to exceed 2,000 acres of a single owner; and 'bona fide residential transitional property,' to include private single-family residential owner occupied property located in transitional developing areas not to exceed five acres of any single owner. Such methods of assessment and taxation shall be subject to the following conditions:

(A) A property owner desiring the benefit of such methods of assessment and taxation shall be required to enter into a covenant to continue the property in bona fide conservation use or bona fide residential transitional use; and

(B) A breach of such covenant within ten years shall result in a recapture of the tax savings resulting from such methods of assessment and taxation and may result in other appropriate penalties;

(2) That standing timber shall be assessed only once, and such assessment shall be made following its harvest or sale and on the basis of its fair market value at the time of harvest or sale. Said assessment shall be two and one-half times the assessed percentage of value fixed by law for other real property taxed under the uniformity provisions of subparagraph (a) of this Paragraph but in no event greater than its fair market value; and for a method of temporary supplementation of the property tax digest of any county if the implementation of this method of taxing timber reduces the tax digest by more than 20 percent, such supplemental assessed value to be assigned to the properties otherwise benefiting from such method of taxing timber; and

(3) Property under this subparagraph (e) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

(f)(1) The General Assembly shall provide by general law for the definition and methods of assessment and taxation, such methods to include a formula based on current use, annual productivity, and real property sales data, of 'forest land conservation use property' to include only forest land each tract of which exceeds 200 acres of a qualified owner. Such methods of assessment and taxation shall be subject to the following conditions:

(A) A qualified owner shall consist of any individual or individuals or any entity registered to do business in this state;

(B) A qualified owner desiring the benefit of such methods of assessment and taxation shall be required to enter into a covenant to continue the property in forest land use;

(C) All contiguous forest land conservation use property of an owner within a county for which forest land conservation use assessment is sought under this subparagraph shall be in a single covenant;

(D) A breach of such covenant within 15 years shall result in a recapture of the tax savings resulting from such methods of assessment and taxation and may result in other appropriate penalties; and

(E) The General Assembly may provide by general law for a limited exception to the 200 acre requirement in the case of a transfer of ownership of all or a part of the forest land conservation use property during a covenant period to another owner qualified to enter into an original forest land conservation use covenant if the original covenant is continued by both such acquiring owner and the transferor for the remainder of the term, in which event no breach of the covenant shall be deemed to have occurred even if the total size of a tract from which the transfer was made is reduced below 200 acres.

(2) No portion of an otherwise eligible tract of forest land conservation use property shall be entitled to receive simultaneously special assessment and taxation under this subparagraph and either subparagraph (c) or (e) of this Paragraph.

(3)(A) The General Assembly shall appropriate an amount for assistance grants to counties, municipalities, and county and independent school districts to offset revenue loss attributable to the implementation of this subparagraph. Such grants shall be made in such manner and shall be subject to such procedures as may be specified by general law.

(B) If the forest land conservation use property is located in a county, municipality, or county or independent school district where forest land conservation use value causes an ad valorem tax revenue reduction of 3 percent or less due to the implementation of this subparagraph, in each taxable year in which such reduction occurs, the assistance grants to the county, each municipality located therein, and the county or independent school districts located therein shall be in an amount equal to 50 percent of the amount of such reduction.

(C) If the forest land conservation use property is located in a county, municipality, or county or independent school district where forest land conservation use value causes an ad valorem tax revenue reduction of more than 3 percent due to the implementation of this subparagraph, in each taxable year in which such reduction occurs, the assistance grants to the county, each municipality located therein, and the county or independent school districts located therein shall be as follows:

(i) For the first 3 percent of such reduction amount, in an amount equal to 50 percent of the amount of such reduction; and

(ii) For the remainder of such reduction amount, in an amount equal to 100 percent of the amount of such remaining reduction amount.

(4) Such revenue reduction shall be calculated by utilizing forest land fair market value. For purposes of this subparagraph, forest land fair market value means the 2008 fair market value of the forest land. Such 2008 valuation may increase from one taxable year to the next by a rate equal to the percentage change in the price index for gross output of state and local government from the prior year to the current year as defined by the National Income and Product Accounts and determined by the United States Bureau of Economic Analysis and indicated by the Price Index for Government Consumption Expenditures and General Government Gross Output (Table 3.10.4). Such revenue reduction shall be determined by subtracting the aggregate forest land conservation use value of qualified properties from the aggregate forest land fair market value of qualified properties for the applicable tax year and the resulting amount shall be multiplied by the millage rate of the county, municipality, or county or independent school district.

(5) For purposes of this subparagraph, the forest land conservation use value shall not include the value of the standing timber located on forest land conservation use property.

(6) Property under this subparagraph (f) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

(g) The General Assembly may provide for a different method and time of returns, assessments, payment, and collection of ad valorem taxes of public utilities, but not on a greater assessed percentage of value or at a higher rate of taxation than other properties, except that property provided for in subparagraph (c), (d), (e), or (f) of this Paragraph. Property under this subparagraph (g) shall be subject to the limitations under Paragraph IV of this section only if provided by general law and only to the extent provided for in such general law.

Paragraph IV. **Limitations on assessed value increases for real property.** (a) This Paragraph shall be known and may be cited as 'The Ad Valorem Tax Assessment Limit Amendment.'

(b)(1) Except as otherwise provided in this Paragraph, the rate of increase of the assessed value of real property for state, county, municipal, or educational ad valorem tax purposes, except as otherwise provided in Paragraph III of this section, shall not exceed an aggregate of 9 percent for each three-year period of successive ownership and, except as provided in this subparagraph, shall not exceed from one taxable year to the succeeding taxable year the lesser of 3 percent or the percent change in the rate of economic inflation on individual taxpayers as determined by the state revenue commissioner. For such purpose, the state revenue commissioner may use the Consumer

Price Index for all urban consumers published by the Bureau of Labor Statistics of the United States Department of Labor and any other reliable economic indicator determined by the state revenue commissioner or such other designee as specified by general law to be appropriate. Within such three-year period, such 3 percent limitation shall operate in a cumulative manner so if an increase in one year is less than 3 percent, the 3 percent cap for the next succeeding year shall be increased by an amount equal to the difference in the actual percentage increase in the preceding year and 3 percent. Nothing in this Paragraph shall be construed to prohibit the assessed value of property from decreasing.

(2) If real property or interests therein are sold or transferred, such real property shall be assessed for ad valorem tax purposes in an amount not to exceed the percentage of its fair market value provided by general law. Substantial additions or improvements to such real property shall be assessed for ad valorem tax purposes at the percentage of their fair market value provided by general law and shall be added to the owner's valuation amount under this subparagraph.

(3) In addition to any general law authorizing error or omission correction by local tax officials, the state revenue commissioner shall be authorized to correct any manifest, factual error or omission in the valuation of real property.

(c) The General Assembly shall be authorized by general law to further define and implement the provisions of this Paragraph, including, but not limited to:

(1) The establishment of classes or subclasses of real property and methods of assessment and taxation, including percentage limitations applicable thereto;

(2) The definition of a sale or transfer of real property or interests therein under subparagraph (b)(2) of this Paragraph IV;

(3) Other circumstances that shall require a revaluation of the real property, including, but not limited to, rezoning;

(4) The timing of the reassessments as a result of sale, transfer, additions, or improvements and the establishment of phase-in periods of assessment increases due to sales or transfers of property at such rate or rates and in such manner as determined by general law; and

(5) The definition and methods of determining fair market value as applied to nonresidential real property under subparagraph (b)(2) of this Paragraph, such methods may include, but shall not be limited to, a formula based on current use, annual revenue, and real property sales data.

(d) This Paragraph may be implemented by general law in a county and all taxing jurisdictions therein, including any municipalities and school districts, following approval by a majority of the qualified electors residing within the limits of that county voting in a referendum thereon as follows:

(1) Unless a special election is called and conducted in a county sooner, pursuant to subparagraph (d)(2) of this Paragraph, the election superintendent of each county shall call and conduct an election as provided in this subparagraph for the purpose of submitting the question of whether to authorize this Paragraph to the electors of the county for approval or rejection. Except as otherwise provided in subparagraph (f) of this Paragraph, in each county in which an election has not been conducted sooner under subparagraph (d)(2) of this Paragraph, each election superintendent shall conduct that election on the Tuesday after the first Monday in November, 2012, and shall issue the call and conduct that election as provided by general law. Each election superintendent shall cause the date and purpose of the election to be published once a week for two weeks immediately preceding the date thereof in the official organ of the county. The ballot shall have written or printed thereon the words:

'( ) YES Shall the provisions of "The Ad Valorem Tax Assessment Limit  
( ) NO Amendment" become effective in County?'

All persons desiring to vote for approval of the question shall vote 'Yes,' and all persons desiring to vote for rejection shall vote 'No.' If more than one-half of the votes cast on such question are for approval of the question, this Paragraph shall become of full force and effect in that county and all local taxing jurisdictions therein, including any municipalities and school districts, on January 1, 2013, except as otherwise provided under subparagraph (f) of this Paragraph. If the question is not so approved, it shall not become effective in that county. The expense of the election shall be borne by the county. It shall be the election superintendent's duty to certify the result thereof to the Secretary of State;

(2) Except as otherwise provided in subparagraph (f) of this Paragraph, the General Assembly shall be authorized to provide by local law that the special election required in a county under subparagraph (d)(1) of this Paragraph may be conducted sooner than the Tuesday after the first Monday in November, 2012, on any date authorized by general law for the holding of a special election presenting a question to voters. In such event, the election superintendent shall follow the procedures specified in subparagraph (d)(1) of this Paragraph. If such vote is for approval of the question, this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph;

(3) In the event such referendum has been conducted and such referendum was not approved, the General Assembly shall be authorized by local law to resubmit the question of authorizing this Paragraph in a county. In such event, the election superintendent shall follow the procedures specified in subparagraph (d)(1) of this Paragraph. If such vote is



for approval of the question, this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph;

(4) The General Assembly shall be authorized to discontinue the requirements of this Paragraph by local law conditioned upon approval by a majority of the qualified electors residing within the limits of the county voting in a referendum thereon; and

(5) In the event such referendum has been conducted and such referendum was approved, the General Assembly shall be authorized by local law to submit the question of reauthorizing such provisions. In such event, the election superintendent shall follow the procedures specified in subparagraph (d)(1) of this Paragraph. If such vote is for approval of the question, subparagraphs (b) and (c) of this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted.

(e) This Paragraph may be implemented in a county and all taxing jurisdictions therein, including municipalities and school districts, following approval by a majority of the qualified electors residing within the limits of that county voting in a referendum thereon as follows:

(1) Upon the adoption of a resolution by the governing authority of such county, the election superintendent of such county shall call and conduct an election as provided in this subparagraph for the purpose of submitting the question of whether to authorize this Paragraph to the electors of such county for approval or rejection. The election superintendent shall issue the call and conduct that election on a date and in the manner provided by general law. Each election superintendent shall cause the date and purpose of the election to be published once a week for two weeks immediately preceding the date thereof in the official organ of the county. The ballot shall have written or printed thereon the words:

'( ) YES Shall the provisions of "The Ad Valorem Tax Assessment Limit  
( ) NO Amendment" become effective in County?'

All persons desiring to vote for approval of the question shall vote 'Yes,' and all persons desiring to vote for rejection shall vote 'No.' If more than one-half of the votes cast on such question are for approval of the question, this Paragraph shall become of full force and effect in that county and all local taxing jurisdictions therein, including any municipalities and school districts, on January 1 of the year immediately following the year in which the referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph. If the question is not so approved, it shall not become effective in that county. The expense of the election shall be borne by the county. It shall be the election superintendent's duty to certify the result thereof to the Secretary of State;

(2) The General Assembly shall be authorized to provide by local law that the special election authorized in a county under subparagraph (e)(1) of this Paragraph may be conducted. In such event, the election superintendent shall follow the procedures specified in subparagraph (e)(1) of this Paragraph. If such vote is for approval of the question, this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph;

(3) In the event such referendum has been conducted and such referendum was not approved, the General Assembly shall be authorized by local law to resubmit the question of authorizing this Paragraph in a county. In such event, the election superintendent shall follow the procedures specified in subparagraph (e)(1) of this Paragraph. If such vote is for approval of the question, this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph; and

(4) In the event such referendum has been conducted and such referendum was not approved, the governing authority of the county shall be authorized by resolution to resubmit the question of authorizing this Paragraph in a county. In such event, the election superintendent shall follow the procedures specified in subparagraph (e)(1) of this Paragraph. If such vote is for approval of the question, this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph.

(5) The General Assembly shall be authorized to discontinue the requirements of this Paragraph by local law conditioned upon approval by a majority of the qualified electors residing within the limits of the county voting in a referendum thereon.

(6) In the event such referendum has been conducted and such referendum was approved, the General Assembly shall be authorized by local law to submit the question of reauthorizing such provisions. In such event, the election superintendent shall follow the procedures specified in subparagraph (e)(1) of this Paragraph. If such vote is for approval of the question, subparagraphs (b) and (c) of this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted.

(7) The governing authority of the county shall be authorized to discontinue the requirements of this Paragraph by resolution conditioned upon approval by a majority of the qualified electors residing within the limits of the county voting in a referendum thereon.

(8) In the event such referendum has been conducted and such referendum was approved, the governing authority of the county shall be authorized by local law to submit the question of reauthorizing such provisions. In such event, the election superintendent shall follow the procedures specified in subparagraph (e)(1) of this Paragraph. If such vote is for approval of the question, subparagraphs (b) and (c) of this Paragraph shall become effective on January 1 of the year immediately following the year in which such referendum was conducted except as otherwise provided under subparagraph (f) of this Paragraph.

(f)(1) The provisions of subparagraphs (b) and (c) of this Paragraph shall not apply to homestead real property in any county or consolidated government for which a local constitutional amendment has been continued in force and effect as part of this Constitution which freezes ad valorem property taxes with respect to such homestead real property unless such local constitutional amendment is repealed. In the event of such repeal, the initial valuation amount of each parcel of homestead real property shall be the most recent taxable value of such parcel as established under such local constitutional amendment. In any county in which such local constitutional amendment is in effect, the provisions of subparagraphs (b) and (c) of this Paragraph shall not be implemented, and no referendum shall be conducted under this Paragraph until such local constitutional amendment has been repealed in the manner provided for under Article XI, Section I, Paragraph IV. The local referendum required under this Paragraph and the local referendum required under Article XI, Section I, Paragraph IV may, but shall not be required to be, conducted simultaneously. In the case of such simultaneous referendums, in order for either to become effective and implemented, both shall be approved by the voters.

(2) The provisions of subparagraphs (b) and (c) of this Paragraph shall not apply to real property in any county for which a local constitutional amendment has been continued in force and effect as part of this Constitution which imposes millage rate limitations regarding ad valorem property taxes with respect to real property in such county or county school district unless such local constitutional amendment is repealed. In any county in which such local constitutional amendment is in effect, the provisions of subparagraphs (b) and (c) of this Paragraph shall not be implemented, and no referendum shall be conducted under this Paragraph until such local constitutional amendment has been repealed in the manner provided for under Article XI, Section I, Paragraph IV. The local referendum required under this Paragraph and the local referendum required under Article XI, Section I, Paragraph IV may, but shall not be required to be, conducted simultaneously. In the case of such simultaneous referendums, in order for either to become effective and implemented, both shall be approved by the voters.

(g) The General Assembly shall be authorized to provide by local or general law for base year assessed value homestead exemptions that freeze the assessment of property with respect to any or all ad valorem taxes for purposes of calculating a homestead exemption. Any local or general law providing for base year assessed value homestead exemptions enacted prior to January 1, 2011, shall be ratified expressly; provided, however, that such ratification shall not be interpreted to imply that such laws were invalid at the time they became law. The provisions of subparagraphs (b) and (c) of this Paragraph shall apply in any county in which any such local law homestead exemption is in effect for county, municipal, or school district taxes. In the event of a repeal of any such local law homestead exemption, the initial valuation amount of the homestead property for purposes of this subparagraph shall be the taxable value of such property established as the initial base year assessed value of such property; provided, however, that in the case of an adjusted base year assessed value homestead exemption, the initial valuation amount of the homestead property for purposes of this subparagraph shall be the taxable value of the property established as the most recent adjusted base year assessed value applicable to such property."

## SECTION 2.

The above proposed amendment to the Constitution shall be published and submitted as provided in Article X, Section I, Paragraph II of the Constitution. The ballot submitting the above proposed amendment shall have written or printed thereon the following:

"( ) YES Shall the Constitution of Georgia be amended by providing for a local referendum in each county on the question of limiting increases of the value of real property and by ratifying prior and authorizing new base year assessed value homestead exemptions?"

All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."  
All persons desiring to vote against ratifying the proposed amendment shall vote "No." If such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall become a part of the Constitution of this state.